

**Measuring Customer Based Brand Equity (CBBE) for Extended Brands: A
Cross Sectional Comparison of Pakistani Market**

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by

Manqoosh ur Rehman – ID: 070392001

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RESEARCH COMPLETION CERTIFICATE

It is certified that the research work contained in the thesis "**Measuring Customer Based Brand Equity (CBBE) for Extended Brands: A Cross Sectional Comparison of Pakistani Market**" has been conducted under my supervision to my satisfaction by **Mr. Mangoosh ur Rehman**, ID: **070392001**, of **MS (Management)** program.

Signature_____

Date

Supervisor's Name_____

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ABSTRACT

Customer Based Brand Equity (CBBE) is a widely used concept in marketing literature in the recent past. Measurement of CBBE has become critical for the evaluation of brands worth in the minds of the consumers. There are various studies that have discussed the importance of measuring the CBBE in the process of brand management. Literature discusses four major models of CBBE (D. A. Aaker, 1991; Agarwal & Rao, 1996; K. L. Keller, 2003; Lassar, Mittal, & Sharma, 1995). Companies adopt different strategies for their growth. Extensions made by different companies are among those strategies adopted by the companies. Extensions are differentiated as line extension, brand extension, horizontal extension, vertical extension, upscale extension, and downscale extension (Pitta & Katsanis, 1995). This study mainly focuses on the measurement of CBBE for extended brands. The focused study area has got enough attention of the researchers in the recent past.

The study mainly focuses on different cellular brands operating in Pakistan's market and their CBBE is measured. Model suggested by Lassar et al. (1995) is adopted to measure CBBE of different brands. The model suggests five different constructs of CBBE namely Performance, Social Image, Value, Trustworthiness, and Attachment. Extension intensity and price level of different brands following any of the extension strategy are also determined using Quartile technique.

Population for the current study is the students of different HEC recognized Universities / HEIs in Karachi and Lahore as the teledensity is highest for these two cities (PTA, 2011). Ten universities / HEIs served as clusters to draw 500 respondents from which 41 were disqualified and analysis on the data of a final sample of 459 is performed.

Analysis revealed a significant difference in CBBE of different extended brands. The difference between CBBE of different extended brands is also found significant for different cities which leads to the conclusion that varying culture of different cities has a moderating impact on the measurement of CBBE of different extended brands. However, gender indifference is found in CBBE scores of different extended brands as the CBBE score differential for male and female respondents is found insignificant. Extension intensity appeared to have no significant impact on CBBE scores. Whereas, price level has a significant impact on CBBE scores of different extended brands.

A longitudinal study is recommended to measure the impact of different extension strategies on CBBE of different brands involving the varying impact of different moderators. Focus group should be conducted to identify different brands following different extension strategies. The recommended study should involve brands from different sectors and industries.

CHAPTER 01

1 INTRODUCTION

Brand equity is the concept which is found abundantly in the marketing literature since a very long time. The subject of brand equity has got enough attention of the researchers in the past and most of the marketers have concluded that brands are one of the most valuable assets for a company. Higher brand equity in the minds of the customers leads to the higher consumer choices and purchase intentions (Cobb-Walgren, Ruble, & Donthu, 1995) as well as higher stock returns (Yoo & Donthu, 2001). Besides this, higher brand equity provides the organization with an opportunity for successful extensions, to deal with the promotional stress of competition and the formation of barriers for the new entrants (P. H. Farquhar, 1989).

There are three fundamental perspectives which help to define brand equity; First one is financial perspective, second one is the customer focused perspective and the third one is the amalgam of both (P. H. Farquhar, 1989). This study is mainly focused on the customer perspective about brand equity i.e. customer based brand equity (CBBE) and how extension strategies of the firm are associated with its CBBE.

The concept of customer based brand equity (CBBE) was first used in 1980s by the advertising practitioners (Davies, 2000). But, a universally accepted CBBE content and meaning (Kapferer, 2008; K. L. Keller, 2003) as well as measure is missing since a very long time (Washburn & Plank, 2002). All the constructs of customer based brand equity today involve the value addition to a product due to the influence of consumer's associations and perceptions about a particular brand name (Chaudhuri, 1995; Winters, 1991). Majority of the earlier research centered on measuring the CBBE with the range of financial methods (Kapferer, 1997; Swait, Erdem, Louviere, & Dubelaar, 1993)

CBBE is the association of customers with a particular brand like how they recognize and perceive a particular brand and how much awareness they have about it. This association is basically in the minds of the customers i.e. brand loyalty, brand awareness and brand recognition etc. (K. L. Keller, 2003). Previous literature helps us to understand this association through various references and analyses.

Although this literature provides basis for further research on various domains of marketing but there are some areas like relationship of customer based CBBE with the extension strategies where there is a need of further study.

The CBBE in the minds of the customers is initially created by brand awareness (D. A. Aaker, 1991). In purchasing decisions customers only evaluate those brands which are already available in their memory and they are aware of them. Brand awareness is the capability of the customer to recognize the brand and the probability of that brand name coming into the mind of customer either with or without any external assistance. (Franzen, 1999; K. L. Keller, 2003)

There is another dimension of CBBE which is called brand association. Aaker (1991) defined brand association as: “anything linked in the memory to a brand” (D. A. Aaker, 1991). The firms strive to understand that how to create brand awareness and association with the targeted customers.

The extension strategies are helpful in making the firm prosper with less effort as compared to establishing a new brand for the new product category. When there is a cut-throat competition, extension strategies serve as an economic way to compete with the competitors. A firm competing in the market may grow into the new product categories/domains. It's a known fact that marketing a product under a new brand name requires much effort as well as more finances, so the firms extend their products into different categories using the same brand name (Arslan & Altuna, 2010). This helps the firms to decrease their communication costs (D. A. Aaker, 1991; Tauber, 1981) as well as supports it to boost the probability of success of its products because consumers switch their perceptions from the parent brand to the extended one. (D. A. Aaker, 1991; Tauber, 1981)

The extension strategies are generally of two types (P. H. Farquhar, Han, J. Y, Herr, P. M., & Ijiri, Y. , 1992). First is brand extension and the second is line extension. In brand extension the new product is introduced under the same parent brand name while the extended portion of the firm avails the already established brand association of a particular firm in the minds of the customers. The other extension strategy is line extension in which the extended brand is introduced with a new name while getting support from the parent brand in a concealed way. The study mainly focuses on the brands extension.

From the above discussion it seems that CBBE is affected by extension strategies of the brand. As described above that the customer's brand awareness, brand loyalty and brand association are influenced by the extension strategies brands draw. So, the study emphasizes the comprehensive understanding of the relationship between brand extension strategy and CBBE. It also explores the factors of CBBE directly or indirectly influenced by these extension strategies. This study will help the practitioners as well as the researchers in order to analyze the extension strategy based factors affecting CBBE for a particular brand.

1.1 Objectives of the Study

The objectives of this study are:

1. To measure the CBBE of different brands following brand extension strategy.
2. To investigate the differences between the CBBE of different brands following brand extension strategy.
3. To identify the potential variable(s) which perform as moderator(s) in determining CBBE of a brand
4. To identify the most important constructs of CBBE for different brands.
5. To explore the relationship between extension intensity employed by a brand and its CBBE
6. To investigate the relationship between price level and CBBE of a brand

1.2 Chapterization

The present study is composed in the format of UMT thesis style chapterization. Firstly, it gives the formal introduction of the topics, then the literature review helps in shaping, tuning and steering the

pace and direction of the study, then the theoretical framework and methodology is presented and in the end the concluded results of present study are given.

The present chapter gives the background of this study. It gives the statement of the problem. It also discusses the objectives of the study. It also explains the significance of the study from literature.

Literature Review: The chapter summarizes and concludes the work already done in this field. It also explains all the corners of the current study. It explains customer based brand equity, different constructs of customer based brand equity found in literature i.e. brand awareness, brand association, product association, social image, perceived value, trustworthiness, differentiation, organizational association, perceived quality, and brand loyalty. It discusses different extension strategies that companies use for their growth. Finally it explains the relationship between brand extension strategy and CBBE and explores different variables that moderate the relationship between brand extension and CBBE i.e. country of origin, usage of brand, market, and advertising.

Methodology: The chapter defines the methodology of addressing the research question(s) of the study. Hypothesis building is also part of this chapter. It also defines the population, sampling frame, sampling scheme, data collection method, and data analysis method for the study in detail.

Data Analysis and Finding: The chapter gives the detailed analysis of the data and also gives the interpretation of the results obtained after the analyzing the data. It also discusses whether the research question is answered and the hypotheses are substantiated or not. In the end the chapter discusses limitations of the study and the future avenues in this area of study.

References: The section consists of references of those who have contributed in the past.